



# COMMISSION NEWS

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ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

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TO: EDITORS, NEWS DIRECTORS  
FOR: IMMEDIATE RELEASE

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## **COMMISSION ORDERS STOP TO UNREGISTERED INVESTMENT SALES AND \$10.5 MILLION TO RESTORE INVESTORS**

PHOENIX – The Arizona Corporation Commission issued multiple orders on individuals and companies in connection with substantial unregistered investment sales activity involving bonds, promissory notes and investment contracts in ATM machines. The Commission also ordered over \$10.5 million in restitution for investors and \$95,000 in penalties.

### **M.A.C. Investments, Inc., et al.**

The Commission issued a default order on Tempe-based M.A.C. Investments, Inc. for failing to respond to a previous order that alleged multiple violations of securities regulations involving the offer and sale of investments in automatic teller machines (ATMs). In the order, the company and its representatives are required to return over \$9.5 million to investors and pay a total of \$50,000 in penalties.

Named in the order are:

- Maricruz Alvarado a.k.a. Mariacruz Alvarado a.k.a. Maricruz Albarado;
- Aldemaro Gonzales Gamez a.k.a. Aldemaro Gonzalez;
- Maria Elena Gonzalez;
- Kevin Polardi;
- M.A.C. Investments, Inc. of Arizona with a post office box in Tempe;
- M.A.C. Investment Sales, Inc. with an address of 925 West Baseline Road, Suite 105 in Tempe; and
- M.A.C. Investments Sales, Inc., a Nevada Corporation with the same Tempe address.

The companies used websites – [www.macinvestmentsales.com](http://www.macinvestmentsales.com) and [www.atmstats.com](http://www.atmstats.com) – and advertisements in local and national newspapers to entice mostly out-of-state investors. Many of the 440 investors believed that M.A.C Investments was a full service provider of automatic teller machines.

The company claimed to be operating over 50,000 ATM machines around the United States. The Commission found that the location of the machines was not disclosed to investors despite their “ownership” of the ATMs.

The respondents told investors that the return on their investments is calculated as a percentage of the fee charged to the holder of the credit card and varies based on the location and frequency of use. The Commission found, however, that the respondents failed to disclose risks associated with the investments or provide investors with prospectuses or actual audited financial statements.

The M.A.C. investment contracts are not registered in Arizona. The Commission found that M.A.C. Investments has been active since February 2003. The Commission’s Securities Division believes the company and its promoters may still be promoting the investment. The public and sales agents should be on notice that it is against the law to offer or sell these investments.

**Roy R. Golladay, et al.**

Mesa accountant and insurance agent, Roy R. Golladay, age 56, and his business, Check and Send, Inc., consented to a Commission order requiring the return of \$797,484 to investors and imposing a \$10,000 penalty for selling unregistered promissory notes and investment contracts. Golladay also held a securities salesman registration in Arizona, which the Commission revoked.

From about June 1995 through 2001, Golladay sold over two million dollars of unregistered securities to 36 investors, some of whom were clients in his tax preparation business. The promissory notes and investment contracts involved loans to individuals for the purchase and development of real property and to operate Check and Send, Inc., a payday loan company.

This sales activity occurred while Golladay was a securities salesman under Fox & Company, Inc., a registered dealer in Arizona. Golladay, however, did not report this activity to his dealer, and the transactions were not recorded on its books and records, as required. Golladay borrowed this money from clients during the time that he was employed by Fox & Company, another violation of the dealer’s policies and procedures.

To date, Golladay and his companies have returned approximately \$1.2 million to investors.

### **Gary B. Shannon**

The Commission ordered 43-year-old Gary B. Shannon of Missouri to pay a \$15,000 penalty and return \$174,450 to investors for fraudulently selling unregistered promissory notes. Shannon was not registered to offer or sell securities in Arizona.

Shannon was a manager in Money Tree Auto Services, doing business as Fast Cash Auto Leasing. The company purchased vehicles from cash-strapped individuals, leased the same car back to person at above-market interest rates, providing the seller with immediate cash. The company solicited investors by either word of mouth or by advertising in a Phoenix Jewish newspaper. Shannon helped develop an investor packet that was given to prospective investors.

The Commission found that between the company's creation and September 2002, seven individuals invested at least \$255,000 by signing one-year promissory notes or investment contracts sold by Shannon and Money Tree Auto Services. Of these investors, only one individual received a total refund based upon an original investment of \$10,000.

Shannon promised investors annual returns ranging from 30 to 40 percent and issued personal guarantees when he or Money Tree Auto Services did not have adequate assets to make such claims. Shannon assured investors that their investments were fully secured by the automobiles purchased with investor funds and advised investors that the managers involved had extensive experience in the auto leasing business. Neither statement was true.

The Commission found that Shannon misrepresented to investors the financial health of the business and began to use later investor money to repay earlier investors, which constituted a fraudulent "Ponzi" scheme. Shannon also failed to disclose the risks inherent in the auto leasing business, problems such as missing vehicles and what potential financial loss could result for the investors. Additionally, Shannon:

- Failed to disclose past criminal convictions of the company's business managers,
- Failed to disclose how investor funds were being used to purchase automobiles for lease-back to their former owners,

- Failed to disclose that investor funds would be used for expenses not outlined in the promissory note, including business expenses, personal expenses and salaries, and
- Represented that a retired banker ran business operations when he was actually an ATM repairman.

Although Gary Shannon stated that he had contacted various state agencies to inquire about special licensing requirements or certifications to transact business, the Commission found no evidence that Shannon had done so.

Money Tree Auto Services filed for Chapter 7 Bankruptcy protection on January 22, 2004 in the U.S. Bankruptcy Court in Phoenix.

### **Scott Erick Langfitt**

The Arizona Corporation Commission issued a default order against an Ohio-based securities salesman for failing to respond to charges that he fraudulently sold unregistered municipal bonds to an Arizona investor. The Commission revoked the Arizona securities registration of 40-year-old Scott Erick Langfitt, a former salesman with Wachovia Securities, and ordered him to pay a \$20,000 penalty.

The Commission found that Langfitt solicited an Arizona woman, who had been his brokerage customer for 10 years, with the recommendation to invest \$58,250 in public housing municipal bonds of the Louisville Kentucky Redevelopment Authority.

Langfitt represented to his customer that the bonds were a better way to invest her money than a Wachovia money market account. He represented that that the bond investment was insured by Lloyds of London and secured by the municipality, which was working with the Federal Housing Authority and the Department of Housing and Urban Development. Langfitt indicated that the bonds would pay \$100,000 at maturity in the year 2010.

The Commission found that Langfitt committed securities fraud because he:

- Misrepresented the nature and existence of the bonds,
- Failed to disclose that the bonds were not an approved Wachovia product, and
- Distributed customer account records that were not issued by Wachovia.

In September 2004, Wachovia Securities fired Langfitt for failing to follow its policy prohibiting the sale of

securities that are not recorded with the dealer. Wachovia has repaid Langfitt's Arizona customer the full amount of her investment. Currently, Langfitt is not associated with any securities dealer.

### **Caution for Investors**

Entrusting your money with someone for investment purposes, while expecting a profit through the efforts of others, may involve a security and sales agents/dealers subject to registration. **VERIFY BEFORE YOU BUY!** Call the Securities Division, (602) 542-4242, toll free (866) VERIFY-9. The Division's investor education web site also has helpful information at **[www.azinvestor.gov](http://www.azinvestor.gov)**.

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